

# **Government / Industry Performance Based Logistics (PBL) Tiger Team**

DoD Procurement Conference  
Orlando, FL  
May 27, 2004



# ***PBL Tiger Team***



- **Co-chairs:**
  - Lou Kratz, Office of AUSD, L&MR
  - Bruce Pieper, Raytheon ... AIA Chair
  - Bill Kobren, AIA Staff (currently at DAU)
- **Government Representatives**
  - Services and DLA                      - DPAP, DAU, PA&E
- **Industry Representatives**
  - AAI Corp.                                      - Bell Helicopter Textron
  - Boeing    - GD Bath Iron Works
  - Goodrich                                      - Honeywell              - Lockheed Martin
  - Northrop Grumman                      - Parker Hannifan
  - Raytheon                                      - Rolls-Royce
- **Consultants and Facilitators**
  - Geiger & Associates                      -PRTM                      - SAIC



# ***Tiger Team Topics***



- PBL Issues
  - 11 Nov 2003 - Business Case Analysis
  - 21 Jan 2004 - Color of Money & related issues
  - 24 Feb 2004 – PBL Metrics
  - 20 Apr 2004 - Training & Best Practices
  - 13 May 2004 - Public-Private Partnerships
  - 24 Jun 2004 - Time to Contract

## ***Other Key Events***

**AIA/Raytheon PBL Symposium Sep 2003**

**Report of the Defense Business Board on PBL Dec 2003**



# ***Business Case Analysis***

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- **Discussion:**
  - Define PBL for Weapons Systems, including role of partnering
  - Establish a Value-Assessment framework
  - Develop opportunity costs and economic metrics
  - Identify Legislative issues requiring resolution
  - Reevaluate logic on requirement for BCA on new Weapons Systems
- **Outcomes:**
  - Mike Wynne Memorandum, PBL Business Case Analysis (BCA), 24 Jan 2004
  - Paul Wolfowitz Memorandum, PBL Implementation, 4 Feb 2004



# ***Color of Money***

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- Discussion:
  - Contract Structure
    - Terms and conditions
    - Risk & Incentives
    - Continuous Improvement / RTOC
    - Award Term contracts
  - Financial Reform
    - Single line accounting
    - Funding flexibility
    - Payment schedules
- Outcomes:
  - Management Initiative Decision # 917 (pending)
  - Long term FFP or FPI contracts (5 to 10 years)



# ***Metrics***



- **Discussion:**

- DOD-Industry agreement on a few common metrics to be applied to all PBL contracts
- Tie to war-fighter requirements
- Tie to DOD Balanced Score Card
- Provide incentives to contractors, balanced with risks

- **Outcomes:**

- Industry recommended three metrics: operational availability, operational reliability, and cost per unit of support
- Joint Logistics Board added three additional metrics: logistics footprint, mobility and logistics response time



# ***Training***



- Discussion:
  - Education and training needs of PBL workforce
  - Sharing of lessons learned & best practices
  - DAU and Industry approaches
- Outcomes:
  - DAU courses/PBL training available to workforce
  - Value of Logistics Community of Practice (LOG COP) for sharing lessons learned & best practices
  - Joint government & industry work groups and use of facilitated sessions with “templates”
  - Expand collaboration with the Supply Chain Council



# ***Public-Private Partnering***



- Discussion:
  - Joint AIA / NDIA / NCAT survey of Public-Private Partnering, October 2003
    - Scope included stakeholders from DOD and Industry
  - Review of UK MOD PFI and PPP initiatives
  - Examples of PPP related to PBL and depot activities
    - Ten-fold increase in partnering since 1997
- Outcomes:
  - Continued barriers to efficient PPP
  - Need to move beyond simple subcontracts
  - Potentially broader than depot maintenance
  - Role in Logistics Transformation Roadmap
  - Form PPP Tiger Team



# Summary

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- PBL is a major DOD success story!!!
  - Fully supported by industry partners
  - Policies are evolving and improving
- Tiger Team approach has been effective in building consensus among Services, Agencies, DAU, and industry partners
- Shaping up as “key” element to articulating DOD’s Logistics Transformation Roadmap